T O U R I S M

Fishing Lodges and Resorts in British Columbia

Marketing and Development Initiatives

Summary Report

ECONOMIC & REGIONAL DEVELOPMENT AGREEMENT

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FISHING LODGES AND RESORTS IN BRITISH COLUMBIA
MARKETING AND DEVELOPMENT INITIATIVES

SUMMARY REPORT

Prepared for:

Ministry Tourism, Recreation and Culture
Victoria, B.C.

Funded by:

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Prepared by:

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The Canada-British Columbia Tourist Industry Development Subsidiary Agreement is one in a series of subsidiary agreements under the Economic and Regional Development Agreement (ERDA) signed in November 1984, between the governments of Canada and British Columbia.

The responsibility for the content of this report is the consultant's alone, and the conclusions reached herein, do not necessarily reflect the opinions of those who assisted during the course of this investigation or the federal and provincial governments which funded the study.

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British Columbia
Ministry of Economic Development

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1.0 INTRODUCTION

Sport fishing has been identified as a product area which offers potentially significant returns to the British Columbia economy through non-resident tourism expenditures as well as through a higher level of in-province vacation days spent by British Columbia residents. However, the tourism potential of the province's sport fishing product has never been fully assessed, and therefore the sound economic and market information base needed to derive an appropriate product and market development strategy has not been assembled. On that basis, the Ministry of Tourism, Recreation and Culture, under the Canada-British Columbia Tourist Industry Development Subsidiary Agreement, has contracted a study of the sport fishing lodge/resort industry to determine appropriate product development and marketing initiatives.

In conducting this study, a large number of data collection methods were used to assemble data on the products and markets of the fishing lodge/resort industry. In-depth telephone interviews were conducted with 135 of 257 operators who make up the industry. Each operator interviewed was asked to provide a list of ten clients who visited their lodge/resort in 1987. The Study Team administered telephone interviews to a representative sample of 92 users drawn from that client listing. Results from the Visitors '87 survey were analyzed, with particular emphasis on respondents who indicated a very strong interest in purchasing a fishing charter in a future British Columbia vacation. This respondent group provided a good proxy indicator of potential users of fishing lodges/resorts. Travel influencers, i.e. wholesalers of sport fishing packages, were interviewed to identify their perception of the British Columbia product, its market potential, competitors and issues related to future growth. Similar questions were administered to key government and industry informants in British Columbia, and to government and industry representatives in competing jurisdictions

2.0 KEY FINDINGS

Overall Context

The industry, for purpose of this study, refers to the recreational fresh/saltwater fishing lodges and resorts operating in the province of British Columbia. The industry was defined to encompass any lodge/resort in which at least 40% of the resort's business is based on sport fishing. The industry essentially is a sub-set or segment of the British Columbia sport fishing sector.

British Columbia is recognized throughout North America, Europe and Asia as a world class fishing destination. Anglers are attracted to the province's excellent freshwater and saltwater fishing resources and the beauty of its wilderness setting. The freshwater angler in British Columbia has a wide variety of species for which to fish: trout, charr and salmon. Rainbow trout is the preferred species. Salmon, particularly chinook salmon, is the preferred species among saltwater anglers. Other saltwater species caught by the saltwater fisherman are rockfish, ling cod, herring, halibut, dogfish and other miscellaneous species.

Research conducted by the federal and provincial governments indicate that the British Columbia sport fishing sector is experiencing strong growth at the present time. While license sales have shown little overall growth, total expenditures on sport fishing activities have displayed strong gains since 1980. The number of anglers prepared to pay top dollar for a quality fishing experience is expanding. This trend provides a strong client and market base for the lodge/resort industry.

The Product

Saltwater Versus Freshwater

The British Columbia fishing lodge/resort industry provides a diverse set of products to a variety of user groups. Industry products include the sport fishing experience, guiding services, the province's beautiful scenery, accommodation and dining facilities, and other indoor and outdoor amenities provided on the property. The industry also possesses great diversity. Salt and freshwater operators differ greatly in terms of client base, facilities, services, and prices. Some opera-

2.0 Key Findings

tions almost fully concentrate on sport fishing while others are attempting to attract other outdoor recreationists. Operations generating revenues of more than $100,000 are full business ventures. However, the industry also includes a significant number of smaller facilities which provide a seasonal resident for its owners and are operated as a hobby or to supplement income. The following paragraphs summarize the products offered by the total industry and highlights the key differences between saltwater and freshwater operations as well as between high revenue and low revenue facilities.

The industry is quite widely distributed throughout the province with the largest concentrations of operations in the High Country, Cariboo, Vancouver Island and North by Northwest (in that order). The typical sport fishing lodge in British Columbia is a well-established seasonal facility operated on private property. Nearly one-half of the sample lodges were established over 20 years ago. The accommodation facilities provided by the industry can accommodate up to 22,000 guests at one time. While all of the sample freshwater properties have fixed roof accommodation, over 70% of their guests are accommodated in trailer sites. The corresponding figure for saltwater properties is 26%.

The typical lodge provides the full range of sport fishing facilities services and activities but the indoor amenities often are quite limited (Exhibit I). Saltwater facilities offer more up-scale amenities on their properties (lounge, exclusive dining room, swimming pool, hot tubs and jacuzzis), while comparatively more of the freshwater operators are attempting to diversify their products by offering other outdoor recreation including winter activities. Seventy percent (70%) of the saltwater properties sell only packages to their clients compared to 27% of the freshwater operators. Nearly 50% of the freshwater operations offer only individual services (no packages).

The operational characteristics of the sample lodges varied greatly between saltwater and freshwater (Exhibit II). Gross revenues of all sample lodges averaged $325,000. Almost 95% of gross revenues came from sport fishing and the revenues of the typical saltwater lodge were nine times above the average revenues of the freshwater lodges. The larger facilities tend to be single product operations providing a saltwater product. Sixty percent (60%) of the freshwater lodges have revenues of less than $50,000 per year.

Revenue differences are explained in part by variations in occupancy rates. From May to October, occupancy rates at the saltwater facilities averaged 69% compared to 48% for the freshwater properties. The average across all sample properties was 53%. In the shoulder and off-season, occupancy rates among the relatively few facilities which are open averaged less than 30%. Revenue differences are even more a function of variations in revenues per guest and client night. Saltwater properties generate revenues of $310 for each client night compared to $39 per client night at the freshwater properties. The industry average is about $100 per night. The typical saltwater facility had 940 guests in 1987 compared to the 630 guests who stayed at the average freshwater property.

Exhibit I: Product Quality and Diversification

	Percentage of Operations Offering:		
Facilities and Services	**Salt**	**Fresh**	**Total**
Lounge	80	16	33
Resaurant/Dinning Room	83	38	50
Hot Tub/Jacuzzi	46	6	16
Boat Rentals	34	83	70
Marina	23	32	30
Private Bath	69	52	56
Fishing Tackle	77	87	84
Freezing Fish	91	85	87
Selected Activities			
Canoeing/Kayaking	25	68	56
Hiking	53	95	84
Hunting	14	72	56
Nature Observation/ Photography	69	90	84

Source: 1988 Operators Survey

2.0 Key Findings

Both fresh and saltwater facilities provide significant employment during their operating seasons. In July, the average freshwater property provided close to five full and part-time jobs, and employment at the saltwater operations averaged 28. Total employment at the 257 operations which make up the province's fishing lodge/resort industry is on the order of 560 in January and 2100 in July.

The province's business people have made major capital investments in the industry. The accumulated capital stock of reporting facilities averaged $550,000 – $1.1 million for saltwater and $400,000 for fresh. Total 1987 capital expenditures averaged $185,000 per property, and were over ten times higher in the saltwater sub-industry ($550,000) than in the freshwater segment ($49,000).

When we project from the sample to the total population, the saltwater facilities account for only 20% of the total number of operations, but 68% of total industry revenues, 39% of the total capital stock, and nearly 60% of total industry employment during the peak season. The available evidence suggests that the financial status of the typical saltwater property is much better than the average freshwater property. Most freshwater properties suffer from low occupancy rates and revenues per client night, and many are not making sufficient capital expenditures to maintain their properties at current standards.

Exhibit II: Characteristics of Sample Facilities

	Salt	Fresh	Total
Number: Sample	36	99	135
Total Universe	51	206	257
Total Capacity: No of Guests	52	94	83
Client Base			
No of Clients	938	633	708
Client Nights	3105	2648	2772
Occupancy Rates: May to October Average(%)	69	48	53
Gross Revenues ($'000)	967	103	325
July Employment: Full and Part Time	27.5	4.6	10.3
Total Capital Stock ($'000)	1119	401	553
Total 1987 Capital Expenditures ($'000)	553	49	185

N.B. Except for the number of operations all figures are averages based on the sample facilities which responded to the relevant survey question.

Source: 1988 Operators Survey

Larger and Smaller Properties

Gross revenues of $100,000 from all sources is used as the cut-off point between larger and smaller properties. An operation below $100,000 probably is not generating sufficient net income to provide a full-time job and salary to the owner. The owner likely is operating the facility for life-style purposes or as a summertime hobby. Seventy-five of 79 low revenue properties are freshwater; the high revenue properties are more evenly divided between the two facility types.

There are significant differences between larger and smaller properties. Close to 70% of the low revenue properties have been in operation for over 20 years, compared to 30% of the larger operations. Comparatively few of the smaller properties provide a lounge, restaurant/dining room and other more up-scale amenities. These properties mainly are rustic and leave fishermen to fend for themselves. Only 22% of the smaller properties are fully dependent on the sale of fishing packages, compared to 63% of the larger properties. The smaller properties therefore offer a basic service in a rustic setting to the more casual drive-in angler and other recreationists.

Operations with less than $100,000 in annual gross revenues are small but their contributions to the fishing lodge/resort industry and to the total economy should not be ignored. Their gross revenues average about $40,000 compared to over $600,000 for the larger properties. However, the typical smaller property creates quite significant employment in the peak season. July 1987 employment averaged about five jobs per smaller operation compared to 13 jobs per facility for properties with over $100,000 in gross revenues.

Exhibit III: Key Indicators by Tourism Region

	Vancouver Island	High Country	Cariboo	North by Northwest	Other	Total
Number: Sample	27	36	40	22	10	135
Total Universe	46	77	69	44	21	257
Client Base						
No. of Clients	1047	1179	425	332	578	708
Client Nights	3308	4676	2307	850	1934	2772
Occupancy Rates:						
May to October Average (%)	70	51	47	55	44	53
Gross Revenues ($'000)	1076	76	147	196	220	325
July Employment:						
Full and Part Time	31.3	4.1	5.4	5.7	5.1	10.3
Total Capital Stock ($'000)	1233	268	641	337	254	553
Total 1987 Capital Expenditures ($'000)	529	25	100	227	12	185

N.B. Except for the number of operations, all figures are averages based on the sample facilities which responded to the relevant survey question.

Source: 1988 Operators Survey

Smaller properties cater to about 460 guests in an average year, compared to an average of 830 guests per year for larger properties. Because the smaller properties outnumber the larger ones by almost two to one, they account for quite significant shares of the industry totals, including: about 50% of clients and client nights; 40% of peak season employment; 25% of the accumulated capital investment up to 1987; and 10% of gross revenues.

However, the survey data suggest that the financial performance of the smaller properties falls well short of the performance of the larger lodges and resorts. Occupancy rates during the season (May to October) averaged 47% among the low revenue properties compared to 62% for the high revenue properties. Revenue generated per client night – at about $20 per night – is a fraction of the larger properties average of $175 per client night. The capital stock of the smaller properties is quite significant. However, the owners generate comparatively little revenue from capital investments made in the past and the revenues from the smaller properties are not sufficient to provide the retained earnings needed to maintain and upgrade capital equipment.

Differences by Region

Regional differences are largely reflective of variations in property characteristics (Exhibit III). For example, Vancouver Island, where most properties are saltwater, accounts for about 20% of total industry properties but over 60% of gross revenues and industry employment. Property characteristics therefore are more important than regional location, arguing for a "vertical" industry approach rather than a regional approach to product development and marketing.

The product analysis illustrates the great diversity in the industry and that different approaches will be needed for saltwater and freshwater operations, as well as for larger and smaller operations. Product mix/diversity is a third variable important to product and industry development.

2.0 Key Findings

The Market

Current Market Profile

The operators and users surveys are employed to assess the current market profile of the industry (Exhibit IV). Market profiles differ quite substantially between freshwater and saltwater facilities. People from British Columbia account for 40% of the freshwater guests followed by Washington (17%) and California (13%). The saltwater market on the other hand is more evenly divided between four primary markets, Washington (24%), British Columbia (23%), California (19%) and Alberta (11%). The United States market accounts for 56% of saltwater guests and only 44% of freshwater guests. There also is a small European component which is primarily attracted to the freshwater facilities. European sport fishermen apparently do not have a strong interest in saltwater fishing.

Geographic specialization is quite limited. Only one-third of the operators are concentrated on a specific geographic market (where a single geographic market constitutes a 50% plus market share). Of these operators, most of the freshwater operators (74%) specialize in the resident market and the majority of saltwater operator (60%) specialize in the Washington market.

Instead, operators focus on demographic and psychographic segments within a fairly broad geographic market. The typical visitor, particularly to saltwater operations, is male aged 35-54 years. Freshwater operators cater more to families (38%) and couples (30%). Groups, including many corporate users, accounted for 64% of the parties to saltwater lodges.

Seventy percent (70%) of the saltwater operators sell only packages compared to 27% of the freshwater operators. Individual services therefore are sold by the majority (73%) of freshwater users. The operators survey indicated significant inconsistency in the pricing of packages and services. Lack of standardization would tend to confuse the purchaser of a trip to a fishing lodge/resort and mitigates against collective and in-

Exhibit IV: Market Profile and Demographics

	Average Percent*		
	Saltwater	Freshwater	Total
	%	%	%
British Columbia	23	40	36
Alberta	11	8	9
Other Canada	7	2	4
Canada	**41**	**50**	**49**
Washington	24	17	19
Oregon	8	6	7
California	19	13	15
Mid U.S.	3	3	3
East U.S.	2	2	2
United States	**56**	**41**	**46**
Europe	2	6	5
Pacific Rim	1	0	0
Overseas	3	6	5
DEMOGRAPHICS			
Age			
Under 20	3	9	7
20-34	16	19	18
35-54	56	42	46
55 or Over	24	29	28
Sex			
Male	79	64	68
Female	21	36	32
Party Composition			
Families	8	38	31
Couples	20	30	27
Singles	9	9	9
Groups	64	22	33

** Unweighted average for the operations under each facility type.*

Source: 1988 Operator Survey

dustry wide marketing. The average package length was three days for saltwater and four days for freshwater. The packages typically included meals and accommodation, and the saltwater packages more often included bait, tackle and guides. The saltwater packages therefore were more all-inclusive. The average package cost was $375 per day at a saltwater lodge and $210 per day at a freshwater lodge.

The typical freshwater package does not include air transportation. This is because 77% of the freshwater guests arrive by automobile compared to 20% of the saltwater guests. Both facility types strongly depend on repeat business. Saltwater operations experience somewhat higher repeat business (63%) than freshwater operations (57%).

Marketing and Promotion

Operators were also asked questions about their marketing strategies. The typical saltwater facility spends more money on marketing and promotion, an average of $51,800 per facility (5% of average gross revenues) compared to $4,500 per freshwater facility (4% of gross revenues). Both marketing percentages compare favorably with the accommodation industry norm of 3% of gross revenue.

Saltwater operations use a broader range of marketing tools than freshwater operations. The two most popular marketing instruments, word of mouth and brochures, were the same for both facility types. Beyond these two instruments, freshwater operators generally depend on print material (Accommodation Guide, magazine/newspaper ads). The saltwater operators utilize a more direct approach (promotional trips, trade/consumer shows) to reach their customers; these involve higher marketing costs. Word of mouth was perceived as the most effective marketing tool by both types of operations. The geographic distribution of marketing effort generally is consistent with the operators' market profiles.

Ninety-four percent (94%) of saltwater operators and 69% of freshwater operators mail out information to their past guests, and most of the lodge operators (about 70%) participate in some form of collective marketing. The vast majority of guests book their trips directly with the lodge; less than 8% book through a wholesaler or travel agent. The saltwater operators feature sport fishing in their marketing. While also emphasizing fishing to some degree, the freshwater operators by comparison appear to be trying to appeal to a more diverse market but in the process may be diluting their message.

Users Perspective

The characteristics and preferences of users did not differ markedly from the findings provided by the operators. When visiting a lodge, the majority of guests participate for the most part in sport fishing. Other activities take up little of their time. When asked how they prefer to pay for their trip, all users identified an all-inclusive package price. The users were very loyal to British Columbia fishing facilities. Ninety percent (90%) of the freshwater users were repeat visitors to the same lodge and over the past three years had been back to the same lodge an average of five times. Sixty (60%) of the saltwater users were repeat visitors and had visited the same lodge three times in the past three years. The preferred sport fish species of freshwater users were rainbow trout, lake trout and steelhead trout. The preferred species of saltwater users were salmon (no species), coho and chinook salmon.

In selecting a lodge, the most important attributes for both saltwater and freshwater users were natural scenic beauty, remoteness of the lodge setting and service. The quality of accommodation, number and size of fish caught, and cost were more important to saltwater users than freshwater users. When identifying the most memorable features of their stay at a lodge, the freshwater users focussed on the good fishing, scenery and wildlife, and friendly hospitality. Good fishing, good service and friendly hospitality were highlighted by the saltwater users.

The majority (71%) of the saltwater users and 48% of the freshwater users planned their trip six months to over one year in advance. For both user types, word of mouth was the primary method for finding out about the lodge. In selecting the lodge they visited, the key feature identified by 50% of the saltwater users was that the facility was well recommended. The same percentage of freshwater users identified area, location, scenery and remoteness as their primary reasons for selecting the lodge. The vast majority (90%) of the users stated they will return to a British Columbia fishing lodge, most of them to the same lodge.

2.0 Key Findings

Corporate Market

The Study Team also interviewed 15 corporate users of British Columbia fishing lodges. In an average year, the 15 corporations organized 44 fishing trips, mainly to saltwater properties. These trips mainly were organized for corporation clients. Only 33% involved incentive travel for employees. When asked about the facilities they were looking for, the consensus was an all-inclusive product with good guides, boats, food and accommodation; good scenery and fishing were also mentioned. In selecting a lodge, the most important feature to a corporate user was service (identified by 93% of the sample), followed by natural/scenic beauty, first class accommodation and the number and size of fish caught. Corporate users indicated a strong preference for all-inclusive pricing. The corporations in our sample were very satisfied with the British Columbia fishing product and 87% stated they were planning to book trips to the same lodge next year.

Potential Users

A profile of potential users of sport fishing lodge/resort products was developed through analyzing the Visitors '87 respondents who indicated a strong interest in taking a fishing charter as part of a future vacation to British Columbia. The Visitors '87 results indicated that close to one-quarter of non-resident tourists to British Columbia would be interested in making a purchase of a sport fishing product in the future. This strong interest suggests that information on the province's sport fishing products should be provided as a matter of course in the standard information packages sent to non-residents tourists.

The Visitors '87 data displayed some important differences between people with a strong interest in a fishing charter (potential users) and people with no interest whatsoever (non-users). Compared to non-users, potential users tend to take longer vacations, stay longer in British Columbia, and to be more oriented toward outdoor recreation in describing the major reason for their vacation. The potential user therefore appears to invest more time, expense and effort in his/her vacation. Compared to the non-user, the potential user is interested in a larger number of product areas, especially more activity oriented products, and apparently is attracted to British Columbia by the wide range of product offerings provided by the province.

Potential users differed from non-users in other important respects. They were more likely to be on their first trip to British Columbia, to be on business, and to be interested in visiting British Columbia in the Spring, Fall and Winter. In terms of origin, the potential user is generally closer to British Columbia -- its international share is significantly below the share for non-users -- and appears to travel shorter distances on their holidays. Compared to the typical traveller, the potential user of the province's fishing lodge/resort products can be more readily influenced by travel information in the media and provided by travel intermediaries.

In general, the Visitors '87 results suggest that in many respects the future purchaser of a fishing charter does not differ markedly from the typical British Columbia tourist and that he/she has an interest in a wide range of outdoor activities, not just sport fishing. The evidence suggests that: the boundaries between sport fishing and other outdoor recreation activities are perhaps becoming less distinct; British Columbia fishing lodge/resort products could play a more central role in the province's tourism marketing efforts; and sport fishing products could be packaged and promoted with other outdoor/adventure travel products.

Travel Influencers Perspective

Travel influencers or wholesalers of sport fishing packages were interviewed to identify their perceptions of: the British Columbia fishing lodge product; target markets for the British Columbia product; and opportunities for improvement and growth in the British Columbia sport fishing industry. The respondents mainly sell packages to saltwater operations.

The respondents believed the sport fishing segment of their travel business was growing faster than other aspects of the travel industry. Growth in sport fishing was due largely to the increasing affluence and size of the population aged 35 and over. While identifying some strengths, the wholesalers also expressed several concerns about the British Columbia sport fishing product. They believed both the travel industry and clients were poorly informed about the British Columbia product, and the available marketing materials were not effectively targeted. The non-professionalism of lodge operators in their relationship with the travel industry was emphasized repeatedly. The respondents believed the lodge/resort industry could significantly improve its sales if it worked more closely with the

travel industry. The wholesalers expressed serious concerns over the diminishing supply of saltwater fish due to conflicts with commercial fishing. Finally, wholesalers mentioned that the pricing of the British Columbia product is higher than in competing North American destinations.

The wholesalers are mainly selling packages to affluent urban professionals, males, aged 35 plus, who are avid sports fishermen and general sportsmen. These packages are most often sold to clients in the Pacific Northwest and Texas. While most clients are males 45 plus, there has been a recent trend towards large mixed groups interested in two or three days of fun fishing.

For the largest market sector, the male urban professional, the Alaska product is British Columbia's key saltwater competitor. For the California and Texas wholesaler, the Mexico product competes with the British Columbia product due to its lower price. With respect to our freshwater product, Alberta and the Northwest Territories are perceived as our key competitors. For the general sportsman, the British Columbia sport fishing industry is competing with all quality sports products in North America.

Two potential new market segments were identified through discussions with travel influencers, the conference market and the overseas market. Several conference planning organizations are now offering fishing packages as part of a conference package. Generally this market is interested in a one or two night trip before or after the conference.

The expectations of overseas clients are very different from the expectations of North American clients. These clients may require Japanese or German speaking guides. With respect to the lodges, the Europeans are looking for non-structured days and wide open fishing spaces. If overseas clients travel to British Columbia to fish they want to be able to catch a significant number of fish. Limits on the fish they can catch could significantly affect their interest in British Columbia.

The British Columbia fishing lodge/resort industry has not used wholesalers to any significant degree in the past. Wholesalers are not needed to attract the industry's current clientele and the most successful saltwater lodges do not appear to require travel wholesalers to maintain high occupancy rates and revenues. However, wholesalers may be needed to tap new markets and broaden the client base of the many operators suffering from low occupancy and weak financial performance.

Characterization of Operations

The product and market analysis indicates the British Columbia fishing lodge/resort industry can be divided into five categories for purposes of formulating product and market development initiatives. The typical lodge under each category is discussed in the following paragraphs.

Large saltwater operations with gross revenues of over $500,000 provide a high quality upscale fishing experience which is nationally and internationally competitive. The fishing, facilities, services and amenities are top quality across the board, and sport fishermen are prepared to pay up to $500 per day to enjoy the experience. Packages are all-inclusive and most facilities provide full guiding services. The user can choose from two types of saltwater operation. Operations on Rivers Inlet, the islands north of Campbell River and in the Queen Charlottes offer exclusive high quality fishing at a remote location. The Campbell River and Barkley Sound areas provide similar quality but are more accessible to Vancouver, Victoria, and the major U.S. centres on the West Coast.

The typical operator has been in business for about ten years – comparatively few operations are more than twenty-years old – and the operation concentrates on fishing. Operators prefer to have their rooms filled by sport fishermen who are prepared to pay top dollar for quality fishing.

All 18 operations in this category are seasonal and generally operate from May to September/October. Fifteen of 18 operators sell only fishing packages and only one bases his business solely on the sale of individual services. These operators have a diversified market in terms of visitor origins, and marketing and promotion is not targeted on a geographic basis but rather on a demographic/psychographic basis. The typical large saltwater lodge spends close to $100,000 per year on marketing and promotion – compared to average gross revenues of about $1.6 million per property – and employs a wide range of marketing and promotional instruments.

The available evidence suggests the large saltwater lodge with over $500,000 in gross revenues is a highly

successful business venture. With comparatively few exceptions, occupancy rates exceed 90% in the peak season months (the May to October average is about 80%), operators are making significant capital expenditures to maintain and upgrade their properties, revenue per dollar invested is well above the industry norm, and the facilities apparently are generating reasonable profits for their owners. These operations serve on average about 1,600 guests per year and the average length of stay is about three nights. Gross revenues per client night exceed $350. These in short are the "Cadillacs" of the British Columbia fishing lodge/resort industry.

Saltwater operations with gross revenues from $100,000 to $500,000 are in many respects a scaled down version of their larger saltwater counterparts. Prices are moderately lower and while packages may be advertised as all-inclusive, there can be some hidden costs to the user. The operators charge up to $300 per night but this classification also includes some new saltwater resorts which offer quality accommodation and fishing but fewer amenities at a modest price of perhaps $125 per night. The latter are essentially "Air and Bed packages" where fishermen are left on their own to do their own cooking.

Compared to their larger counterparts, the medium scale operations are smaller, have fewer rooms and therefore can be more exclusive. This can be a selling point to corporate clients. Corporate groups are able to take over the total lodge for their exclusive use. While smaller in size, these medium scale operations still provide a high quality product and are full business ventures (not hobby type operations). All but one of these thirteen properties were established in the past 20 years, nearly all concentrate on sport fishing (while providing some opportunities for other outdoor activities), and all 13 operate on a seasonal basis (typically June to October). Nine of 13 properties in this category sell only fishing packages. Compared to the large saltwater properties, the medium scale facilities sell more to the British Columbia market and somewhat less to Washington and California. Visitation from the rest of the U.S., Europe and Asia is low.

Similar to the larger facilities, the market profiles for the medium scale properties do not display a sharp geographic focus. However, in contrast to their larger counterparts, younger people under the age of 35 comprise a greater number of their clientele, suggesting that younger, less affluent people are attracted by their more modest prices. In this regard, the medium scale operations play an important role in introducing saltwater fishing to younger people. A typical medium-scale saltwater lodge spends nearly $20,000 a year on marketing and promotion (compared to average gross revenues of about $290,000 per property). The most popular forms of advertising are brochures, promotional trips, trade shows, word of mouth, and direct mailing.

These 13 properties display great variation in their operational and financial performance. A few are virtually fully booked through the entire season, others are achieving occupancy rates of 85-100% in the peak season months, while still others are displaying occupancy rates of 70% or less even in the high season (July to September). The May to October average across all properties is about 60%. Gross revenues per client night average about $300 across the 13 facilities. By and large, the operations with higher occupancy rates appear to be profitable, are earning good revenues relative to their capital stock, and are making fairly substantial capital expenditures on facility maintenance and improvements. The operators with lower occupancy offer a less favorable picture of financial performance.

The typical large freshwater operation with gross revenues of about $500,000 and up is a fly-in facility in a remote, northern location and provides a wilderness fishing experience which in some respects is comparable to the experience provided in the Yukon and NWT. The facility is seasonal, generally operates from June to September and provides from 50 to 100 beds in lodges or cabins. These are full-service operations, providing a lounge and dining room for the exclusive use of their guests. Most have been in operation for 20 years or more. These fly-in operations largely offer lake and river fishing, but other outdoor activities associated with remote locations – hunting, hiking, trail riding, and canoeing/kayaking – are also available to their guests. The major species offered from these remote lodges are lake trout, rainbow trout, steelhead and Dolly Varden.

All services are packaged and the avid fisherman is willing to pay a substantial price for a high quality fishing experience in a remote location. Prices per day for all-inclusive packages generally are in the $400-$500 range and many packages are for up to 7 days. Guests are

generally from outside the province, in many cases from the U.S. West Coast down to California, and one or two operators have substantial visitation from Europe. The operators market quite heavily with advertising budgets in the range of $20,000 to $30,000 per facility. They use a wide range of promotional avenues, including brochures, magazine ads, consumer shows, and direct mail. The operators are seriously concerned about losing their remote and exclusive character through encroachment by logging, a new road being built to their lake, or through too many casual anglers fishing on "their" lake. If the wilderness and remoteness are taken away, the American sport fishermen will turn to alternative destinations such as the NWT and the Yukon.

Some freshwater fly-in operators have made substantial investments in their facilities but in some cases financial performance may not be commensurate with the capital outlay. While one or two of the larger freshwater facilities are fully booked during the season, occupancy rates of 40-70% appear to be more frequent, revenues generally are a small fraction of the total capital stock, and capital expenditures in some cases do not appear sufficient to maintain facilities at current standards.

The medium-scale freshwater facilities typically have gross revenues of $100,000 to $300,000 and attempt to offer a quality fishing experience at a modest price. Most guests (63%) drive to the lodge/resort and the facilities cater to short-haul markets. About one-half of the facilities have been in operation for over 20 years and close to half do not own the land on which their operation is located. Some operations therefore have aging plant and equipment but do not have the tenure and security needed to support capital investment.

Only 4 of the 17 facilities operate year-round and the typical season is from May to October. More than 50% of the medium-scale freshwater facilities are defined as multiple product operations and therefore derive more than 10% of their business from activities other than sport fishing. However, while these operations are attempting to diversify their product offerings, their low occupancy rates would suggest these efforts so far are meeting with mixed success. The facilities and services on the property are designed to cater to the basic needs of the sport fisherman. Only a quarter of these facilities offer only packages. Sale of individual services is the norm.

Compared to the larger freshwater facilities, the medium-scale facilities cater more to British Columbia markets (26% of clientele), and to other short-haul markets. However, an additional 5% of the clientele is from Europe (compared to very limited visitation to saltwater properties from European countries). Compared to larger facilities, medium-scale freshwater facilities cater more to families and couples than to singles and groups. A typical medium sized freshwater lodge spends about $10,000 per year on marketing compared to average gross revenues of about $140,000 per property. The most prominent forms of marketing and promotion are brochures, magazine ads, the Accommodation Guide and word of mouth.

The financial performance of these medium-scale operations generally is not encouraging. Occupancy rates from May to October range from 30% to 70% and average approximately 55% over this period. Based on accommodation norms for the industry in general, these rates could be too low to support a financially profitable operation. Consistent with this, gross revenues generally are a small fraction of the total capital stock, and capital investment often is too low to maintain the capital stock at current levels. Gross revenues per client night are less than $40. We were able to identify four or five medium-scale freshwater operations which are doing better than the norm. In general, however, the long-term financial health of the medium-scale freshwater operations appears questionable.

Small freshwater operations with gross revenues less than $100,000 provide basic fishing services in a rustic setting. Many owners appear to operate their facilities as a hobby, as a seasonal residence or to supplement their income. The evidence suggests that few generate sufficient revenue and net income to provide a full salary to their owners. While all 78 operations in this grouping have some form of fixed roof accommodation, about 75% of their guests are accommodated in trailer sites.

Nearly 70% of these establishments have been operating for over 20 years, and only 15% have been established in the past 10 years. Plant and equipment therefore are aging and maintenance costs must be climbing. Better than a third are multi-product facilities and many are attempting to diversify their product offerings in an apparent attempt to capture new markets. Their low occupancy rates suggest their success to date has

been limited. Packages are sold by less than one-half of the properties.

These small operations largely focus on the British Columbia market, with local people (at 17%) and the rest of the province (28%) comprising nearly 50% of their client base. All but 15% of their guests arrive at the lodges by car, and families and couples comprise three quarters of their guests. These operators attract a somewhat younger clientele than other resorts/lodges. The typical small operator spends about $2,500 per year on marketing, which amounts to about 7% of the facilities' annual gross revenues of $36,000. These properties mainly depend on word of mouth, the Accommodation Guide and brochures to get their message across.

The financial performance of the smaller operations, when viewed as business ventures, is far from satisfactory. Occupancy rates in the peak season months are never above 60% and average less than 50% over the May to October period. Revenues are a fraction of the total capital stock, capital expenditures generally are not sufficient to maintain the property, and revenues per client night average less than $20. The owner may well be operating the facility for lifestyle reasons and the standard financial norms may not be fully appropriate. However, the financial performance of these properties does hold implications for:

- **the quality of British Columbia's freshwater product**
- **the province's reputation for providing a top quality sport fishing experience**
- **the ability of these owners to maintain their properties up to a reasonable industry standard, and**
- **their ability to respond to product and market opportunities as they emerge.**

Dividing the industry into five facility categories further points out the sharp differences between freshwater and saltwater fishing in British Columbia. In terms of prices, financial performance, and the quality of the product, medium-scale saltwater resorts hold more in common with larger saltwater operations than with medium sized freshwater lodges. At the same time, the largest freshwater operations, especially the fly-in lodges, are very different from the rest of the freshwater segment. Their financial performance and prospects stand in between the rest of the freshwater segment and the saltwater facilities. For the remaining freshwater properties with gross revenues generally below $300,000, it was difficult to isolate a dynamic/expanding segment of the sub-industry. Most appear to be experiencing low occupancy, low returns from capital investment, limited financial resources, and limited access to capital.

The Competition

Overall Market Position

British Columbia's sport fishing lodge/resort industry operates within a competitive environment generally located in western and northern Canada and the United States. The general consensus of about 50 travel influencers who were interviewed during the course of this study was that the British Columbia product is unique in the marketplace. These industry players pointed out that the combination of a British Columbia international class product and its other resources distinguished it from most other products. This perspective, however, must be tempered by the fact that travel influencers are not a predominant force in the industry and most only package the higher quality (and more expensive) products offered in British Columbia.

Canadian Competition

Other data indicated that, for the British Columbia saltwater fishing experience, the only Canadian competition on a species basis is Ontario with its salmon fishing in the Northern Great Lakes area. Ontario does not consider British Columbia to be a competitor, nor does it consider that the market from which it draws is of major interest from a British Columbia perspective.

British Columbia faces significantly stronger Canadian competition in the freshwater area from the western provinces and territories. For selected subsets of the market, there is no overlap in the species emphasized in the fishing experience and therefore no overlap from a competitive standpoint for the true fishing enthusiasts *(e.g. walleye and northern pike in western Canada which are generally not available in British Columbia and, conversely, steelhead which in Canada is only available in British Columbia)*. Similarly, the emphasis in Manitoba, Saskatchewan and the Northwest Territories on trophy fishing experiences differentiates it from the general freshwater product offered in British Columbia. From a strict product perspective, Alberta

offers the greatest competition since it offers a similar product and seeks customers from the same contiguous markets.

U.S. Competition

The major U.S. competitors are Alaska, Washington and Oregon. All draw from the same markets in the U.S. as does British Columbia. Alaska offers a similar product mix (both saltwater and freshwater) but does not consider British Columbia a competitor. Alaskan sales promotion is of a remote, wilderness fishing experience, and the emphasis is on the higher end of the market and availability of large fish. Alaska's major market appears to be California.

Washington state, in the saltwater area, offers a similar though much more limited product than British Columbia. The emphasis is less on a world-class experience than on a more general fishing experience aimed at short-haul markets. Oregon, with 29,000 miles of freshwater streams and rivers and a scenic resource base, offers significant competition in the freshwater sector for British Columbia's U.S. markets. Both Washington and Oregon have experienced significant increases in non-resident license sales, with California emerging as a major market. On that basis both states compete with British Columbia in salt and freshwater fishing.

Industry Support

Unlike many other jurisdictions, particularly in Canada, the British Columbia government does not actively support the industry. Other Western Canadian provincial tourism agencies have a strong and focussed support structure for marketing their lodge/resort fishing products. Some competitor representatives noted that stronger promotion of British Columbia's natural and scenic environment along with the fishing experience could have a significant market impact. It is in this area where other western provinces, with the possible exception of Alberta, are weakest.

Among the U.S. competitor states, the industry is generally less organized and does not receive the same level of support by state government officials. Industry participants commented that Canadian provinces (including British Columbia) present an aggressive and unified marketing thrust at U.S. travel trade shows. One representative was highly complimentary of the British Columbia Partners-in-Tourism program. In Alaska, the general trend is toward a stronger role for wholesalers and regional associations in marketing.

Implications for Industry Development

Several key conclusions emerge from our review of British Columbia's role in the competitive sport fishing environment. The province's saltwater fishing experience is competitively positioned against similar products in Alaska and Washington. British Columbia's distinct species – particularly steelhead and cutthroat – combined with the natural setting in which they are found, offer a unique experience and therefore a market niche which no competitor can match. The British Columbia fishing experience can be enjoyed in the midst of one of the world's most scenic areas. No other jurisdiction can offer the combination of British Columbia's natural scenic beauty and relative accessibility to major urban centers and their associated services. Selected areas within British Columbia offer a world class fishing experience to the true enthusiast. The steelhead fishery provides one example where the product is unique and the quality of the fishing experience is considered world-class.

Constraints to Industry Growth

Exhibit V summarizes the key industry constraints raised by our respondents and their implications for development. The most serious constraints are:

- **Lack of capital funds and access to financing.**
- **Uncertainties and costs associated with lease situations, which are major concerns of many freshwater operators**
- **Limited government assistance with marketing, promotion and financing**
- **Too much reliance on promotion methods geared to existing markets and limited marketing instruments and experience for attracting new markets.**
- **Serious resource constraints: declining salmon stocks for saltwater operators (especially where facilities are most concentrated); declining stocks, encroachment by other economic activities, and low water levels for freshwater operators.**
- **Absence of a resource management regime in the British Columbia interior.**
- **Lack of broadly-based industry consensus and associations to interact with government.**
- **Conflicting objectives and overlapping responsibilities of government departments.**

EXHIBIT V: SUMMARY OF CONSTRAINTS AND IMPLICATIONS FOR INDUSTRY DEVELOPMENT

Constraint Area	Stakeholder	Implications for Product/Market Initiatives
1. Operational		
Capital Access	Industry Operators (General)	Gov't assistance in facilitating access to capital
Tax/License Fee Lease Uncertainties/Costs	Freshwater Operators	Assess tax system against impact on operator viability
		Review lease management regime to address issues of tenure and costs.
2. Marketing/Promotion		
Marketing Costs	Industry Operators	Gov't support in marketing/promotion programs, particulary on a vertical market basis.
Markets		Joint public/private effort to encourage new market development/improve capture rates from existing markets.
3. Resource Management		
Declining Resource Base	Industry Operators (General)	Initiate program of consultation and public awareness
		Determine resource capacity to sustain new development
		Shift product emphasis to "conservation" theme
		Review and strengthen enforcement regime
		Protect/control highest quality sport fishing areas
	Saltwater Operators	Initiate discussions to resolve competing harvesting demands
	Freshwater Operators	Initiate process to consider land use impacts on fishery
		Control density of development of lodges/resorts
		Develop mechanisms to maintain and enhance freshwater fishery

Exhibit V: continued...

Environmental Degradation	Industry Operators (primarily freshwater)	Promote need to protect Province's natural/scenic resource base Develop mechanisms to protect natural/scenic environment in operator locations
4. Institutional Environment		
Lack of Priority on sport fishing	Industry Operators Government	Recognition of sport fishing lodges and resorts as important industry and vertical market
Absence of Industry "Voice"	Industry Operators Government	Formation of Industry Associations to work with government
Lack of co-ordination of government mandates affecting sport fishing	Industry Operators Government	Establish formal co-ordination mechanisms starting with Tourism, Recreation and Culture and Environment and Parks.

The constraints all point to a need to consider initiatives beyond the normal tourism mandate of product and market development.

It would not be prudent for the Ministry of Tourism, Recreation and Culture to offer substantial incentives and assistance to an industry which faces severe difficulties because of the degradation of the resource base. A balanced perspective and approach is required. This will require leadership by the Ministry from a tourism perspective but also participation by other government departments related to the resource question and stakeholders beyond the industry itself. Therefore, the original mandate for the study – that of product and market development initiatives – must be expanded to include resource management initiatives and consideration of the institutional environment as a vehicle for implementation.

Economic Contribution and Impacts

Survey data from the 135 sample operations were used to estimate industry revenues, employment, gross purchases, and other indicators of the industry's contributions to the British Columbia economy. The British Columbia fishing lodge/resort industry is defined as the 257 operations identified at the outset of this assignment and used as the universe for the telephone survey. Facilities were retained in the sample and universe if the operation derived at least 40% of its business from sport fishing. Accordingly, firms and operations were classified by their principal activity.

Exhibit VI presents the industry estimates used to estimate the industry's economic contributions to and impacts on the British Columbia economy.

The fishing lodge/resort industry generates economic impacts in British Columbia in terms of GDP or value added, wages and salaries, and employment. As well, the industry generates direct government revenues from corporate income tax and personal income tax. Impacts arise directly from industry activity, indirectly from purchases made from suppliers to industry, and lastly from the consumer spending of wage income by those directly or indirectly employed in the industry.

Direct impacts represent impacts to the owners and employees of the 257 firms providing fishing lodge services in the province. In 1987, the industry directly contributed $41.6 million in value added to the province, $22.5 million in wage income, and about 1,310 person years of employment. Total economic impacts of the British Columbia fishing lodge/resort industry in 1987 were $89.0 million of value added, $56.6 million of wage income, and 2,560 person years of employment. Total impacts include: the direct industry impacts described above, the indirect impacts from the $26.3 million in purchases from British Columbia suppliers, and the induced impacts arising from consumer spending of wage income by direct and indirect employees.

The provincial and federal governments receive corporate income taxes and personal income taxes from the fishing lodge/resort industry. The industry is estimated to generate $12.1 million in direct taxes -- $3.1 million to the provincial government and $9.0 million to the federal government. The capital expenditures made by the industry in 1987 also contribute to the economy. Capital expenditures by fishing lodge and resort operators totalled $38.3 million in 1987. The impacts from these capital expenditures are:

Gross Domestic Product/Value Added	$34.7 million
Wage or Labour Income	$23.3 million
Employment (Person-Year Equivalent)	670

Sport fishing activities occur away from major urban centres for the most part. Consequently the industry has the potential to increase the regional output of goods and services, thereby facilitating economic development. Regional impacts for the industry are presented in Exhibit VII. The figures are order-of-magnitude estimates derived by prorating the provincial impact measures. The estimates provide a rough guide as to the total impacts of the fishing lodge/resort industry on different British Columbia regions. The "Other Region" grouping includes Southwestern British Columbia. This grouping represents only 6% of gross revenues but over 25% of total value added impacts. In contrast, the Cariboo represents 13% of gross revenues but only 8% of the value added impact. The vastly different impacts in Cariboo and Southwestern British Columbia reflect to a large extent the different regional economies, as illustrated by import leakages. In contrast to other provincial regions, import leakages out of Southwestern British Columbia are low since the region is a more self contained manufacturing and service centre.

EXHIBIT VI: ECONOMIC PROFILE OF THE BRITISH COLUMBIA FISHING LODGE/RESORT INDUSTRY

	Saltwater	Freshwater	Total
Operations (No.)	51	206	257
Gross Revenues from All Sources ($ Million)	49.0	21.1	70.1
Gross Revenues from Sport Fishing ($ Million)	45.5	19.3	64.8
Client Base			
Guests ('000)	47.8	130.4	178.2
Client Nights ('000)	158.4	545.4	703.8
Full and Part Time Employment, by Season:			
January, 1987	360	210	570
April, 1987	760	430	1190
July, 1987	1210	890	2100
October, 1987	660	600	1260
Employment: Person-Year Equivalent Basis	820	490	1310
Accumulated Capital Investment ($ Million)	57.1	82.3	139.6
Total 1987 Capital Expenditures ($ Million)	28.2	10.1	38.3
Wages and Salaries ($ Million)	15.2	7.3	22.5
Purchases from Suppliers ($ Million)	19.9	8.6	28.5

Source: Extrapolated for industry universe from operator sample

EXHIBIT VII: REGIONAL ECONOMIC IMPACTS OF THE FISHING LODGE/RESORT INDUSTRY IN BRITISH COLUMBIA, 1987 ($ MILLION)

Region of Impact	Gross Revenues	Direct Value Added[b]	Total Impacts[a] Value Added	Wage Income	Employment[c]
Vancouver Island	43.9	26.0	47.0	29.9	1,350
High Country	5.4	3.2	5.1	3.2	140
Cariboo	9.4	5.6	7.0	4.5	200
North by Northwest	7.2	4.3	7.2	4.6	210
Other Regions	4.2	2.5	22.7	14.4	650
Total	70.1	41.	89.0	56.6	2,560

Source: Extrapolated for industry universe from operator sample.

a Direct, indirect plus induced impacts

b Revenue from sport fishing lodges/resorts within the industry

c Person-years for employment

3.0 PRODUCT AND MARKET DEVELOPMENT INITIATIVES

3.1 Introduction

Exhibits VIII through X provide the overall context for the formulation and implementation of product and market development initiatives. When integrated together, the exhibits illustrate that: the fishing lodge/resort industry has many strengths; a number of external trends provide strong support to industry development; the industry faces many attractive market and product development opportunities; and there is a sound basis for developing an industry/government consensus on the industry's future role in the provincial economy. At the same time, the exhibits indicate that for the industry to achieve its full potential government and industry will need to work together to reduce the many barriers to industry development.

A comprehensive set of development initiatives has been assembled. These are presented below under five headings. The industry faces problems beyond just product and market development. A major issue identified by the industry is the degree to which the resource on which it is based – quality fishing in a superb natural environment setting – can be properly maintained. This is a concern of both saltwater and freshwater operators and one which requires cooperation with government officials, not only in tourism, but also in related departments.

Another major problem for the industry is the absence of an institutional framework within which industry operators can work with the public sector towards achieving mutually compatible objectives. This is in part attributable to the industry's own lack of organization, but is also a function of the lack of recognition and profile of fishing lodges and resorts as an important tourism industry in British Columbia. In order to achieve objectives for maintaining and encouraging appropriate growth of the industry, a sound institutional framework within which the industry and public sector can work together is critical.

The initiatives, are put forward as **recommendations for consideration** by the Ministry of Tourism, Recreation and Culture.

3.0 Initiatives

EXHIBIT VIII: POSITIVE AND NEGATIVE FEATURES INFLUENCING FUTURE INDUSTRY DEVELOPMENT

Positive Features and Trends

- License sales in British Columbia have shown little growth since 1980 but the number of sport fishermen prepared to pay top dollar for a high quality fishing experience is clearly on the increase. A fish caught by a lodge guest typically generates much greater impacts and benefits than a fish caught by a casual angler.
- British Columbia is recognized throughout North America, Europe and Asia as a world-class fishing destination.
- The provincial fishing lodge/resort industry provides a wide range of products; saltwater/freshwater fishing; accessible/remote; and other outdoor recreation. The products are sold at a variety of prices and cater to the needs of a wide variety of user groups.
- The larger saltwater lodges offer a high quality product which is nationally and internationally competitive. These "top of the line" resorts enjoy high occupancy, revenues and retained earnings (sufficient to support facility upgrading and expansion).
- Occupancy rates in the rest of the industry are low, indicating significant improvements in gross revenues can be achieved without substantial capital investments.
- Resource visitation is high and users (including corporate) display strong loyalty toward British Columbia's lodges/resorts.
- The British Columbia industry provides – or can potentially provide – the attributes, facilities and services viewed as important by individual and corporate users.
- Most users plan their trips well in advance, providing operators with a stable revenue base which can be easily forecasted before the season.
- Potential users of lodge/resort fishing products include close to 25% of the province's non-resident tourists. The potential user in many respects does not differ markedly from the typical British Columbia tourist.
- British Columbia's higher quality saltwater product is viewed by travel influencers as unique in the market place.

Negative Features and Trends

- The large saltwater operations, most of the medium sized freshwater facilities, and some of the larger (fly-in) freshwater operations are financially strong. The rest of the industry, accounting for the vast majority of industry operators, suffers from low occupancy, revenues per client night, total revenues, and capital investment.
- Many operations are over twenty years old and a significant portion of the freshwater operators do not own the property on which their lodge is situated. For these operations, facility upgrading is needed but they lack the tenure and security required to justify major capital investments.
- The majority of the industry's establishments are low revenue freshwater properties operated by their owners as a seasonal residence, as a hobby, or for lifestyle purposes. Revenues and retained earnings are not sufficient to maintain plant and equipment to industry standards, and even with government assistance many operators may not be interested in implementing product and market development initiatives.
- The industry is not well served by a regional approach to marketing and promotion. A vertical/industry approach would be much more effective.
- Lack of standardization in pricing packages and individual services confuses the user and inhibits industry wide marketing.
- The industry's current client base is aging and operators generally are not familiar or comfortable with the products, packaging and promotional techniques needed to attract new markets.
- Repeat visitation provides a stable client base but may also discourage operators from attracting new markets.
- The industry makes limited use of travel intermediaries and when they are used employs them ineffectively.
- Compared to Canadian competitors, the British Columbia industry receives less assistance from government in marketing its product.

Exhibit VIII Contunued ...

Positive Features and Trends

- The Province's other fishing lodge/resort products are, or potentially can be, readily differentiated from the products of our competitors.
- The British Columbia fishing lodge/resort industry is making major contributions to the province's tourism sector and provincial economy, and generates substantial income and employment impacts in regions outside the Lower Mainland and the Victoria area. The industry is a positive force in providing employment and income in the less urbanized/developed parts of the province.

Negative Features and Trends

- The government incentive programs now available are mainly tailored to meet the needs of larger operators selling to non-Canadian markets. Smaller operators requiring capital to upgrade their facilities appear to have limited access to government assistance programs.
- Both saltwater and freshwater operators face serious resource constraints and increasing resource-use conflicts: dwindling chinook stocks; declining freshwater stocks in some lakes and rivers; low water levels in many Interior lakes; growing encroachments by other economic activities — salmon farms for saltwater, logging, mining, hydro, etc. for freshwater.
- On the freshwater side, there is no resource management regime to resolve resource use conflicts.
- The most popular saltwater area — Campbell River — is becoming crowded, leading to declining salmon stocks and a less enjoyable fishing experience for some anglers.
- Provincial hatchery capacity for freshwater species is insufficient and environmental/ biophysical concerns act as constraints to freshwater operators who wish to rear their own stocks.
- The industry is not organized to deal effectively with government.
- Government departments have conflicting objectives and overlapping mandates, and send confusing signals to the industry.

3.0 Initiatives

EXHIBIT IX: PRODUCT AND MARKET OPPORTUNITIES

Product Opportunities Saltwater	• Shift focus from "fish kill" to "catch and release". • Shift from chinook to other species. • Deflect new facilities away from Campbell River to other locations, e.g. Queen Charlotte Islands and more remote locations. • Shift into other (non-fishing) upscale markets where resource constraints are particularly serious.
Product Opportunities Freshwater	• Sharper product focus on accessible fishing experience in a wilderness setting; remote fly-in fishing; high quality experience related to distinct species (e.g. steelhead). • Move product upscale consistent with user expectations (upgrade strategy for selected small to medium scale facilities). • High quality, fly-in facilities catering to specific geographic and activity markets. • Joint ventures with Japanese, West Germans, Texans, etc. catering to the special needs of each geographic market. • Fully guided operations on remote northern lakes owned and operated by native people (providing both sport fishing and exposure to native culture)
Market Opportunities Saltwater	• Development and sale of mid-price packages by medium sized operators – emphasis on shoulder season. • Collective marketing to capitalize on saltwater diversity (remote/accessible, Vancouver Island/North). • Expand vertical marketing efforts. • Promote the experience and non-consumptive uses.
Market Opportunities Freshwater	• Shift from regional to vertical marketing approach. • Penetrate new geographic markets: U.S. Mid-West and South-West; European and Japanese markets through selected joint ventures (see above). • Promote to younger more affluent families (in concert with product upgrade strategy). • Greater focus on family and couples market. • Collective marketing to the active elderly and recreational vehicle markets.

3.0 Initiatives

1. Lodge/Resort Sport Fishing Sector Recognition

Recognition of this sector as a priority for tourism is an essential foundation for both the public and private sectors to continue investing in the industry's maintenance and growth.

1.1 Establish the sport fishing lodge/resort industry as a priority tourism industry within British Columbia's tourism sector.

British Columbia offers a spectacular natural environment comprising coastlines, interior mountainous regions, and river and lake systems which are of considerable interest to the international tourism market. Within that setting, sport fishing is a major activity that, today, draws visitors from around the world. Survey after survey confirms that enjoyment of the fishing experience within a beautiful natural setting is perhaps the key attribute of the fishing experience. More than most jurisdictions, British Columbia offers this appeal. Evidence of its success to date is found in the 1987 contribution of the fishing lodge/resort industry to British Columbia's economy – $90 million in gross domestic product.

As with most tourism industries, the British Columbia lodge/resort industry is not without its problems. The public sector can do much to support and encourage the industry's growth and development as well as to establish an appropriate institutional framework that encourages further investment by the industry. To achieve this, however, requires that the lodge/resort industry be recognized as a priority tourism activity.

2. Product Development Initiatives

2.1 Work with the industry to establish areas of priority for product offerings which maximize British Columbia's competitive advantage. Within that framework, the Ministry should encourage the upgrading of existing products and new product development consistent with the capacity of the resource base to sustain industry expansion.

A product development context within which the public sector can pursue and direct its efforts and expenditures must be established. The Ministry's mandate is to maximize the benefits of tourism to British Columbia's economy. Therefore, a framework which enables British Columbia to realize this potential is fundamental.

2.2 Recognize the following features of British Columbia's product offerings in establishing a product development framework:

- **a general product development stance that encourages investment in areas where the combination of sport fishing potential and outstanding natural settings is found;**
- **recognition of the unique features of the British Columbia product such as the steelhead and cutthroat fisheries;**
- **identification of and emphasis on sport fishing locations which are world class in nature and therefore appeal to an international market;**
- **identification and definition of "maintenance" areas which do not have world class attributes but which nevertheless form an important part of the sport fishing industry.**

British Columbia's fishing lodge/resort industry is diverse, offering a range of products. It is important to differentiate the products in terms of British Columbia's competitive advantages and to design a product development strategy accordingly. This approach offers the best chance to ensure that the Province's tourism objectives are achieved.

2.2.1 Design the product development program to reflect the different circumstances of operators in the industry. Specifically, a five point classification is suggested as follows:

	Freshwater	Saltwater
Larger Commercial Ventures		
(Gross revenues of $500,000 Plus)	X	X
Medium Scale Commercial Ventures		
(Gross revenues of $100,000 to $500,000)	X	X
Smaller Hobby Type Ventures		
(Gross Revenues Less than $100,000)	X	–

The five part classification acknowledges that different approaches may be needed for large and medium scale commercial ventures and for smaller facilities, and that the hobby-type operations are for the most part freshwater properties. There are not sufficient saltwater operations of less than $100,000 to warrant separate consideration in the formulation of initiatives.

2.3 Review the capital assistance programs currently available to the lodge/resort industry with a view towards determining the need for establishing a capital financing assistance program for the industry. If such a need is identified, work with industry to both design and implement such a program.

Access to capital has been identified by both freshwater and saltwater operators as a major industry constraint. For the freshwater group, the product profile confirms their concerns. The majority of facilities are older (20 years plus), and annual capital investment barely meets maintenance requirements. The industry, especially the freshwater component, is operating at well below capacity at this time. Given this unused capacity, the financial requirements and risks associated with capital investment for upgrading are not as great as would otherwise be the case, provided that complementary market development and resource management initiatives are implemented.

Government is currently administering a number of capital incentive programs which could be utilized by the industry. The Tourist Industry Development Subsidiary Agreement under the Economic and Regional Development Agreement includes the Product Development program administered by the Ministry of Economic Development. The program focuses on the development of "destination" resorts, events and attractions, and its objective is to enhance the quality and variety of internationally competitive destination facilities in order to broaden British Columbia's appeal to the international tourist community. The program provides low interest loans at an interest rate of 2.5% per annum. Incentives under this program are available until 1989. Other financing programs of government include the loan financing available from the Federal Business Development Bank (FBDB) and the British Columbia Enterprise Corporation. These programs essentially provide term financing on commercial terms.

The Ministry should review, with the lodge/resort industry, these and other capital financing programs provided by government in order to determine whether they are meeting the current and future needs of the industry. The review should recognize that ERDA funding is scheduled to come to an end in less than two years time.

2.3.1 Design an Access to Capital Initiative for the industry to reflect the product differentiation profile established in 2.2 above.

For priority locations, capital investment should be directed to balanced growth. For locations which do not offer world class attributes, capital investment programming should reflect an industry "maintenance" stance, reflective of their product and market potential. Capital assistance should be provided on a selective basis and applications for assistance should be supported by detailed market assessments, financial analysis, resource evaluations, and a full business plan for the proposed facility. Government funding should focus on the dynamic and expanding segments of the industry and on operators who are prepared to make a strong personal and financial commitment to their operation and industry.

2.4 Encourage the industry to adjust its product to reflect the sport fishing "experience" appealing to non-traditional markets (see the Market Development Initiatives below).

Sport fishing promotion by fishing lodges/resorts has historically emphasized the so-called "dead fish" opportunity. The emphasis has been on fish catches and not on the fishing experience itself. On the other hand, users consistently rate the natural setting as a prime motivator as opposed to the number and size of fish caught. Readjustment of the product to reflect user priorities is consistent with industry objectives in that potential new major markets can be tapped. This will require development of facilities which offer quality activities in addition to sport fishing, and which emphasize service beyond the sport fishing activity itself (e.g. quality of food, the more up-scale amenities, winter sports).

2.4.1 Encourage the freshwater industry to consider adjustment and packaging of their product to a "remote, family-oriented" fishing experience with attendant product diversification.

This is currently a fairly important market for the freshwater industry, even though the operator's marketing efforts tend to be oriented to fishing itself. While not appropriate to those operations which offer a world-class experience, many of the small to medium scale freshwater operators can be expected to benefit from product diversification to serve the family market.

2.5 Encourage industry to move towards a "catch and release" philosophy.

This is consistent with recommendation 2.4 above and is essential if the industry is to prosper over the long term. Surveys on the prime motivators of users in relation to the fishing experience suggest this change in philosophy will not negatively affect British Columbia's market. As the product is introduced to new markets, we believe that this philosophy will be essential to achieving industry expansion and a growing market share. At the same time, the industry cannot continue to prosper if the resource is depleted to the point where British Columbia offers no competitive advantage. This recommendation must be pursued in parallel with recommendations related to resource management initiatives to encourage the same conservation philosophy on the part of other users of the resource.

3. Market Development Initiatives

3.1 Implement a comprehensive program of marketing and marketing assistance for the fishing lodge/resort industry consistent with the industry's product potential and concerns related to the ongoing availability of the resource itself.

At the present time, the Ministry's contribution to industry marketing is general in nature: through advertising British Columbia in non-resident and resident marketplaces; and the Partners in Tourism program through the regional tourism associations. Recognition of the sport fishing lodge/resort market as a priority vertical market segment carries with it the need to design and implement more focussed marketing initiatives. Because the industry is so diverse in its product offerings, the Ministry will need to consider a variety of marketing approaches and techniques.

3.2 Develop marketing tools which promote the lodge/resort sport fishing experience in British Columbia generally. Deploy these tools in cooperation and consultation with the industry.

One area where British Columbia's competitors generally excel is in the selling of the province or state in combination with the specific products offered by fishing lodges and resorts. British Columbia does not now have such an approach and yet British Columbia's natural environment (and other attributes of interest to the sport fishing visitor) is one of the best in the province's market area. Moreover, our analysis of potential users illustrates that many tourists to British Columbia (close to 25%) could be interested in purchasing some type of sport fishing package. This potential user group can be better accessed and influenced through the regular promotional channels of the Ministry. More aggressive promotion of the British Columbia natural setting together with our sport fishing opportunity will reap benefits in terms of capturing a greater market share for the lodge/resort industry in particular and the total British Columbia tourism sector.

3.2.1 Consider specific marketing tools such as a fulfillment package related to the fishing lodge/resort industry, use of an 800 number, and attendance and joint promotion at major travel shows.

The operators perceptions of their most effective marketing tools at this time provide some guidance for the Ministry in terms of considering specific marketing tools aimed at promoting the advantages of British Columbia in conjunction with a specialized fishing vacation. For instance, the freshwater operators point to the Accommodation Guide and brochures as effective mechanisms for them to secure business. Although 86% said their most effective tool was word of mouth, 49% pointed to the Accommodation Guide as an effective tool and 35% to brochures. In order to increase the effectiveness of the Accommodation Guide, it is recommended that the freshwater lodges be included as a separate section within the Guide. As well, distribution of a fulfillment package through an 800 line mechanism, at travel shows and through the operators themselves, can be expected to yield additional customers to freshwater operators.

Saltwater operators also identified word of mouth as the most effective marketing tool for them. In addition, 29% cited travel shows and 23% identified magazines/newspaper ads as effective tools. Joint cooperative marketing efforts with the saltwater operators in each of these market venues is recommended.

3.3 Cooperate with the freshwater industry in considering a more focussed marketing message toward families and couples.

The freshwater operators draw about 68% of their market from families and couples as opposed to the singles market and the group/corporate markets. Even with the emphasis on sport fishing as the central feature, it would appear that the freshwater industry is providing a satisfying vacation experience for families

and couples. Underscoring this assumption is the fact that 57% of freshwater customers are repeat business. As mentioned in the product development initiatives above, freshwater operators should consider packaging and marketing their product to more directly cater to the needs and expectations of this demographic segment.

3.3.3 Cooperate with saltwater operators in marketing their product to corporate customers and markets with a high incidence of professional males.

Unlike the freshwater group, saltwater operators do not cater to families and as one industry participant put it "do not want their beds taken up by families". Sixty-four percent (64%) of their 1987 visitors were group customers which include corporate bookings. More direct marketing to this segment, with the Ministry's cooperation and support could yield returns in the future. For instance, a marketing package developed for, and delivered to, the corporate market in the form of selected advertising and distribution to conventions is one option to consider.

3.4 Work with industry to penetrate new market areas.

In addition to initiatives related to increasing capture rates from existing markets the Ministry should encourage and work with industry in new market development. At the present time, the major market areas for both freshwater and saltwater operators include British Columbia, Washington, and California. Other markets to consider include other Canadian provinces, the U.S. midwest, Texas, Arizona, Asia, and Europe. At the present time, some operators in the industry draw from these markets but on a limited basis.

3.4.1 Cooperate with the industry to identify and place priorities on joint actions to develop new geographic markets and new market segments within existing geographic markets.

Based on discussions with the industry and a review of the current market profile, the suggested priority, at this time, would be as follows:

First Priority

Washington
California
U.S. midwest states
Texas
Arizona
Western Canadian provinces

Second Priority
Europe

Third Priority
Asia

California and Washington are important markets now, are enjoying significant economic expansion, and cannot offer the quality sport fishing experience provided by the British Columbia operations. The U.S. Midwest has long been a market for Saskatchewan and Manitoba sport fishing products and is one in which British Columbia could secure a higher market share, particularly for its freshwater products. The Arizona and Texas markets again offer potential for the freshwater experience, particularly for the older family and couple segments who are looking for a vacation experience northwards to escape the summer heat in their states.

The European and Asian markets will take considerably longer to develop given the structural issues that must be addressed related to agents, vacation experience guarantees, and the like. In addition, these markets are more focussed toward the sport fishing experience itself and are therefore of interest to saltwater operators and freshwater operators who specialize in world class sport fishing.

3.5 Encourage industry to make greater use of travel wholesalers, retailers, and other travel intermediaries.

The industry in the past has made little use of travel intermediaries. The larger saltwater operators believe they do not need them – which may be true for them -- while other operators are discouraged by wholesaler and travel agent commissions. Travel intermediaries are not needed to access current markets, but could well be needed to penetrate new markets such as the active elderly in the Southwestern United States, the recreation vehicle market, younger more affluent couples, etc. Penetrating new markets are needed to expand the occupancy rates of medium-sized saltwater operations and of all freshwater properties and to maintain the industry's client base given that its current clientele is ageing.

4. Resource Management Initiatives

4.1 Work with the Ministry of Environment and Parks and industry to address resource management issues facing operators.

3.0 Initiatives

Both saltwater and freshwater operators placed considerable emphasis on the declining resource base as one of the major issues facing them in the future. Their concerns ranged from pressure on the fishery itself and declines in stocks to land use encroachment and impact related issues.

It is clear from discussions with provincial and federal government representatives that both freshwater and saltwater species generally are declining. This situation can be expected to continue unless there is concerted public and private sector action. The saltwater fishery is the subject of substantial attention given its commercial contribution to British Columbia's economy. Even with the resource management regime now in place for the saltwater fishery, the competing demands on the fishery and in particular, the rise of sport fishing, has added to pressure on the resource.

In the freshwater area the fishery has not received the same level of attention, although the Ministry of Environment and Parks maintains active stocking programs and a regulatory regime related to sport fishing licensing and catch limit enforcement.

In addition to resource pressure, land use issues emerged as a major concern with freshwater operators. Specific examples include the construction of public access roads to "pristine" remote recreational fishery areas, clear cutting of scenic areas around lakes, and a land use permit process which does not regulate the number of lodges/resorts on any given lake.

The operators, almost without exception, expressed significant concerns about resource management. The depth of their concerns and the degree of consensus cannot be ignored in considering actions to encourage development of the freshwater segment of the industry.

The initiatives presented below address specific features of the general resource management concern. The institutional environment and process that is needed to implement these initiatives are described under Institutional Environment in the next set of recommendations.

4.2 Cooperate with other Ministries and industry to jointly develop a resource management program aimed at stabilizing both the saltwater and freshwater fishery.

This may be considered by some to be an unobtainable objective. Nevertheless, without quality sport fishing, British Columbia stands to lose economic value from the fishing lodge/resort industry. At the present time, most stakeholders are expressing individual concerns. However, there is no single voice representing the sport fishing industry generally and promoting the need to conserve the resource and equitably share in its economic value.

4.2.1 Seek agreement with the Ministry of Environment and Parks to expand the mandate of their joint committee, the Fisheries Resource Management Committee, as a starting point, to work with industry in preparing the program described above.

Increasing awareness about the need for resource management and having some influence on the various regulatory and permit processes that are involved are massive undertakings. As a first step, the Ministries should begin, with the support of industry, to identify a series of actions which are consistent with their resources and which are aimed first at increasing the profile and perspective of the fishing lodge/resort industry and second at specific interventions.

The Ministry of Tourism, Recreation and Culture has recently established a unit of which part of its mandate is to address land use issues where these affect tourism development. This unit can be expected in the long term to assume some responsibility for this initiative but it is unrealistic at this time to expect that it can allocate its full resources to this problem.

Program development related to resource management, consistent with the funds and resources available to both Ministries, is paramount at this time.

4.3 The Resource Management Program to be developed should address resource pressure issues in the context of the overall product development initiatives described previously in this section. As such, it should consider placing priorities on resource pressure issues along both quality and geographic lines as follows:

- **rigorously protect the highest quality fishing experience locations in British Columbia in both saltwater and freshwater;**
- **consider strong measures to ensure that resource degradation of the recreational fishery does not take place for distinct species of interest to the international marketplaces;**
- **consider a maintenance and stabilization program in as far as possible for areas which are not world class but which nevertheless offer quality sport fishing experiences;**

- **identify and plan, in advance, a resource management regime for new undeveloped areas which have sport fishing potential.**

Establishing priority locations from the perspective of the Ministry of Tourism, Recreation and Culture is a necessity if product and market development initiatives are to be justified. Otherwise, the danger is that investment and support efforts of the public sector will not have the desired impact, not because of the actions of government or industry, but because of overall depletion of the quality of the fishery.

4.3.1 The resource management program should address land use encroachment issues related to the freshwater area.

At the present time, permit processes for forestry, mining, agriculture, and related resource development do not include formal requirements to consider impacts on fishing lodge operators. Such actions as clear cutting, increased public access, and other land use conflicts can have dramatic and rapid effects on their current business and growth potential. It is not just the impact on the sport fishery that is of concern here but also the impact on the natural scenic beauty of any particular location. Both factors must be addressed in considering land use encroachment issues.

4.3.2 The resource management program should include consideration of controls on density of operators in any given location.

This is important for both the saltwater and freshwater operators. For example, a major investment on a particular lake can be negatively affected by permits to allow additional development of competing lodges and other economic activities on the same lake. This in itself has a negative impact on the sport fishery and on the quality of the fishing experience. Similarly, in the saltwater area, uncontrolled development of lodges and resorts in any particular location will ultimately degrade the sport fishing resource and experience, and reduce the tourism potential.

4.3.3 The resource management program should address the concerns of other stakeholders in the recreational fishery.

The focus of this report is on the fishing lodge/resort industry and its tourism potential. Other users of the resource include local anglers and the commercial fishery, whose interests must also be considered in preparing and implementing a resource management program. Consultation as well as efforts to educate and increase the awareness of resource problems are suggested.

4.4 Encourage the lodge/resort industry to set an example through a conservation philosophy related to the fishery.

This was suggested previously as an essential feature of product development. It is equally valid and bears repeating as a fundamental principle for the resource management program suggested in this chapter. The industry must demonstrate leadership consistent with their concern about the declining resource.

4.5 Work with appropriate Ministries and the industry to consider establishing, for the freshwater industry, a lodge/resort licensing system similar to the system now being implemented in Manitoba.

The Manitoba system has a number of appealing features. Decisions on license applications are made by a committee which involves all relevant departments of the provincial government. Therefore, the system facilitates improved government coordination toward the industry. The general intent of the Manitoba system is to ensure that all tourism developments are consistent with departmental policies, regulations and agreements. As well, tourist developments are to be financially viable and compatible with the resource base. Resource related tourist establishments are not to exceed the carrying capacity of the resource base they are dependent on, and first priority is given to optimum sustained use of the renewable resource.

Where capacity exists, sport fishing lodges are given priority in development and resource access, followed by: outcamps; boats, motor and fuel caches; and test fishing – one season. To support lodge development and where conditions permit, one lodge is to be approved per body of water of the water system, and the proponent is encouraged to develop to the maximum potential of the resource available. The system therefore provides tenure and security to the fishing lodge operator. The system also encourages co-management of the resource between the operator and government. Operators who are prepared to promote "Catch and Release" are allowed to construct a larger number of accommodation units.

Possible elements of a British Columbia system to be considered in industry/government consultations could include:

- **Measures to facilitate co-management of the resource.**
- **Development of a system which covers properties on Crown land as well as properties on privately owned land.**
- **Term of the license, which could be related directly to resource and bio-physical issues.**
- **Government departments to be responsible for administering the system. Since licensing is tied to resource conservation, Environment and Parks is a potential candidate.**
- **Degree of exclusive use. Some remote northern lakes could be allocated to the exclusive use of a lodge or resort, but others could be allocated to the joint use of a lodge operator and casual anglers.**
- **The license fee to be charged to operators, which should be commensurate with the economic value of the fish killed. Given the affluent status of most lodge guests, most of the license fee cost probably can be passed on to the user/angler.**

The licence for each operation could entail:

- **exclusive rights to conduct a land-based fishing lodge or fly-in camp operation on the lake;**
- **explicit capacity guidelines for the facility in terms of size and/or bed capacity (the guidelines should be consistent with the carrying capacity of the lake environment);**
- **reporting requirements on the owner in terms of occupancy levels, angler use, and harvests taken;**
- **a management plan for the operation in terms of daily bag limits, catch and release policy, allowable gear (fly fishing, barbless hooks, etc.), and on-site management of clients;**
- **licenses not used or severely underutilized for say, two years, to be subject to cancellation.**

The Manitoba system has a number of positive features. Regardless, it is essential that establishment of such a system in British Columbia be preceded by detailed discussions with the industry, and preferable that methods for approval monitoring and enforcement be developed and implemented jointly with industry. A licensing system to be effective must have the active support of industry and be designed to meet the needs of operators, not just the bureaucracy.

4.5.1 Initiate discussions with the saltwater operators to explore whether some type of licencing and resource co-management system can be developed for the saltwater operations.

Developing a Manitoba type system for saltwater operators may not be feasible. Saltwater operators are competing with other users for a common property resource. Salmon, which are preserved through a co-management resource system with government, are likely to be caught by a commercial fisherman or casual angler, not by a guest at a sport fishing lodge. Nevertheless, discussions should be held between industry and government in order to explore possible options for: licensing; resource management; and ensuring the number of facilities and their locations are consistent with the resource base and with maintaining the high quality experience offered by the province's saltwater lodges.

5. Institutional Environment

The majority of the initiatives described in this section cannot be implemented to maximum effect without an appropriate institutional environment to serve as a mechanism for delivering the initiatives.

5.1 Encourage industry to form an industry wide association or associations for the salt water and freshwater segments respectively.

This initiative is fundamental to the ongoing development of the industry with the support of the public sector. Government must have the views of industry expressed as a consensus through a formal industry association so that it can properly respond in a comprehensive manner. During the course of the study, many industry participants and government officials expressed the opinion that it could be difficult for the industry to speak with one voice given its diversity. However, the results of the operators survey clearly indicate that a consensus can and should be developed around the resource management issue, as a starting point for the industry to collectively voice its views. Moreover, during the course of the study, operators showed real interest in an association.

In the freshwater area, the British Columbia Interior Fishing Camps Association is the best vehicle in our opinion on which to build a province-wide freshwater association. No such association exists in the saltwater area. There are however, significantly fewer saltwater operators and therefore the task may not be as onerous as might otherwise be the case.

Some have argued that another association would not be of interest to operators given their current commitments and time availability. Many of the operators are

actively involved in regional tourism associations which demand a certain level of activity and commitment. The prospect of a province-wide industry association may be regarded by some as an additional burden. Notwithstanding these concerns, we believe that this recommendation is essential if the Ministry is to place a priority on the fishing lodges and resorts as an important tourism industry in British Columbia and if resource management issues are to be addressed. This cannot be done through regional tourism associations given that many of the issues are province-wide and require interventions at the provincial level.

5.2 Consider specific resource assistance to industry in the initial formative period involving implementation of these initiatives.

Industry cooperation in implementing these initiatives will require a great deal of time and effort. The industry does not now have the resources to form an association or associations on its own and to work with the public sector to the level of effort required by the initiatives described above. Particularly in the initial formative stage, industry will need help in order to properly launch these initiatives. Specifically we suggest the funding of an individual designated to work with the lodge/resort association(s) and others with similar concerns, to provide a point of contact and liaison with the public sector. Over the longer term, and as the industry associations strengthen, funding for this individual could be taken over by the association(s).

5.3 Work with the Ministry of Environment and Parks to formalize a liaison and coordination process to address joint concerns in the sport fishing industry.

The full impact of the initiatives recommended here cannot be achieved without the full participation and cooperation of both Ministries. Indeed, the objectives of each Ministry overlap, not just in sport fishing, but in other tourism sectors. Thus, a formal coordination mechanism is even more important and justified. As recommended in the resource management initiatives (4.2.1) the Fisheries Resource Management Committee of the provincial government can be used as a starting point for this effort.

5.4 Initiate discussions with federal government representatives to explore mechanisms for enhancing inter-governmental cooperation and coordination toward the British Columbia sport fishing lodge/resort industry.

It is essential that government speak with one voice to the industry. The industry believes that at this time government decisions affecting the industry are uncoordinated, with one provincial ministry or federal department concerned with resource management and a second with tourism development. The apparent lack of coordination cuts across government jurisdictions. The two governments, working together, need to develop a common set of policies and objectives for the industry.

6. Effects of Implementing the Proposed Initiatives

Economic Impacts

It is not possible at this time to provide precise forecasts of what the implementation of these initiatives will imply for the client base, gross revenues, capital investment and other economic indicators of the fishing lodge/resort industry of British Columbia. The initiatives are designed to have the following impacts:

- **Raise the occupancy rates of existing facilities, especially the freshwater operations,**
- **Increase the revenues per client night obtained by the freshwater operators,**
- **Expand the number of fly-in freshwater facilities catering to the upscale market and overseas market (Japan, Germany, etc.),**
- **Maintain the client base, gross revenues and profitability of the medium to large scale saltwater facilities,**
- **Provide for the orderly expansion of the saltwater industry through encouraging selected development projects in the Queen Charlotte Islands and more remote locations on Vancouver Island (outside Campbell River) and the North by Northwest region.**

Given the obvious strength of the market for the British Columbia fishing lodge/resort industry, expansion in industry revenues of 30% over the next four to five years should be quite achievable. This industry growth would result from the combined impacts of raising occupancy rates of existing operations from less than 55% to around 65% in the May to October period (closer to the accommodation industry norms in British Columbia), expanding average revenues per client night in the freshwater industry by five to ten dollars per night, and adding selected new up-scale facilities to both the saltwater and freshwater segments.

Revenue growth of 30% would increase industry revenues from $70 million to $90 million, would add $25 million to the province's gross domestic product, and would create about 770 person years of employment for the provincial economy.

Stakeholder Impacts

Efforts to encourage growth and development in the sport fishing lodge/resort industry will involve impacts and tradeoffs for direct industry participants as well as other stakeholders. The proposed initiatives are consistent with many of the objectives and interests of the affected stakeholders, and provide a basis for discussion. A general assessment of how initiatives affect each of the major stakeholder groups is provided in Exhibit X. In all cases there is some positive benefit for each to engage in cooperative efforts to achieve a satisfactory balance between their interests.

EXHIBIT X: STAKEHOLDER OBJECTIVES AND IMPACTS OF RECOMMENDED INITIATIVES

Stakeholder	Objectives/Interests	Impact of Initiatives
1.Industry	• Commercial Success • Maintain Long Term Future of Industry • Growth and Development • Secure Access to Resource	• Creation of support environment for industry • Requirement to accept and recognize need for "conservation" theme • Direct assistance for investment/marketing on priority basis • Need to accept development controls
2.Government	• Improve Province's economic position • Protect public interest in equitable resolution of land and resource use conflicts	• Recognition of sport fishing lodges/resorts as important economic contributor • Investment in tourism support environment for industry • Shift in emphasis to vertical marketing • Recognition of critical relationship between natural/scenic environment and industry success • Adjustment of resource management/regulatory regime to recognize industry interests
3.Commercial and Native Fisheries; Guides and Other Industry Stakeholders	• Commercial Success • Maintain Long-term Future of Industry • Growth and Development • Access to Resources	• Request to engage in resource management discussions and process to resolve resource use conflicts.
4.Resident and Non- Resident Casual Anglers	• Access to fishing experiences • Enjoyment of natural environment	• Maintenance of quality fishing experiences and natural/scenic settings • Acceptance of greater catch limit enforcement • Acceptance of additional "conservation" oriented regime
5.Other Resource Users (Forestry, Agriculture, Mining)	• Commercial Success • Maintain Long-term Future of Industry • Access to resources	• Acceptance of review processes addressing impacts on fishery habitats and sport fishing lodge/resort industry. • Possible mitigative measures related to conservation/impact reduction.
6.General Public Interest	• Maintenance of highest quality of life possible for present and future generations.	• Maintenance of environmental balance and resources.